



Date: September 15, 2016

To: Mayor and Members of the City Council

From: Patrick H. West, City Manager *PLW*

Subject: **Funding Evaluation: Oil Operators, Inc., Property**

On May 17, 2016, the City Council requested the City Manager to identify potential funding sources for the acquisition of vacant property between Baker Street and Wardlow Road adjacent to the Los Angeles River (Subject Property), owned by Oil Operators, Inc., for public purpose and return findings to the City Council. Following the City Council's action, and based on best estimates as of September 2016, which range from \$17 to \$22 million for acquisition and approximately \$10 million for cleanup activities, the City evaluated a wide range of potential funding sources to fund acquisition and cleanup of the Subject Property. These potential funding sources, as well as staff's findings, are outlined below:

Property Acquisition

California Department of Parks and Recreation Habitat Conservation Fund Grant

http://www.parks.ca.gov/?page_id=21361

The Office of Grants and Local Services (OGALS) administers the state-funded Habitat Conservation Fund grant program, which allocates approximately \$2 million each year to cities, counties, and districts for nature interpretation programs, protection of various plant and animal species, and acquisition and development of wildlife corridors and trails. This program requires a 50 percent match from grantees.

Evaluation: Given that the Habitat Conservation grant program seeks to provide urban residents with park and wildlife space, and can fund acquisition, it is a potential funding source for the Subject Property. However, the grant awards are low, and the match requirement is quite high.

State of California Wildlife Conservation Board Land Acquisition Program

<https://wcb.ca.gov/Programs/Acquisition>

The Wildlife Conservation Board (WCB) acquires real property or rights in real property on behalf of the California Department of Fish and Wildlife (CDFW) and can also grant funds to other governmental entities or nonprofit organizations to acquire real property or rights in real property. This program looks for biologically valuable land. In 2015, \$11 million was allocated for the protection of more than 16,000 acres of wildlife habitat via acquisition of conservation easements by our conservation partners.

Evaluation: Given that this land acquisition program looks for biologically valuable land, it is an unlikely funding source for the acquisition for the Subject Property.

California Department of Fish and Wildlife
Endangered Species Recovery Land Acquisition (RLA) Grant Program
<https://www.wildlife.ca.gov/Grants/Land-Acquisition>

The federal RLA Grant Program is part of what is known as the Nontraditional Section 6 Program, and provides funding to States and Territories for the acquisition of threatened and endangered species habitat in support of approved and draft species recovery plans. In 2015, the average grant amount in California was \$2 million. A \$2 million award was presented to Shell Oil Company/Metropolitan Water District for the development of a Habitat Conservation Plan in Los Angeles County. This grant is supporting the acquisition of approximately 56 acres of land in eastern Chino/Puente Hills, which was discovered to be home to an important population of Federally-listed threatened coastal California gnatcatcher. The grant will also help protect important habitat for the cactus wren, a California Species of Concern. It was determined that the remaining natural open space in the area contained a surprising diversity and abundance of wildlife and plant species conducive to supporting the survival of the species listed above.

Evaluation: Given that the RLA grant program focuses on preserving loss of critical habitat for threatened and endangered species, it is an unlikely funding source for the acquisition of the Subject Property.

U.S. Department of Housing and Urban Development
Neighborhood Stabilization Program
<https://www.hudexchange.info/programs/nsp/>

Congress established the Neighborhood Stabilization Program (NSP) for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Eligible activities for NSP funds include establishing financing mechanisms for purchasing and redeveloping foreclosed home and residential properties; purchasing and rehabilitating homes and residential properties abandoned or foreclosed; establishing land banks for foreclosed homes; demolishing blighted structures; and redeveloping demolished or vacant properties. In addition, the use of NFP funds must also meet one of the following Community Development Block Grant (CDBG) objectives: provide or improve permanent residential structures that will be occupied by a household whose income is at or below 120 percent of the area median income (AMI); benefit all the residents of a primarily residential area in which at least 51 percent of the residents have income at, or below, 120 percent of AMI; and serve a limited clientele whose incomes are at or below 120 percent of AMI.

Evaluation: Given the criteria for utilizing these funds, the NSP is an unlikely funding source for the acquisition of the Subject Property.

Property Cleanup

California Environmental Protection Agency (CalEPA) 2016 Environmental Justice (EJ) Small Grants

<http://www.calepa.ca.gov/EnvJustice/Funding/>

This is a small grant program designed to assist non-profit organizations. The City might be able to partner with a non-profit organization to access the funding. The EJ Small Grants are awarded on a competitive basis. A minimum \$1 million in grant funds is available for the 2016 grant cycle. The maximum amount of a grant provided is \$50,000. As previously stated, the City must partner with a non-profit as these funds are strictly limited to a non-profit entity. Additionally, an applicant's project must address EJ small grant program goals in communities that are disproportionately affected by environmental pollution, or are especially sensitive to environmental pollution due to socio-economic factors.

Evaluation: Given that the EJ small grants program is limited to non-profits and the maximum grant amount is very limited, it is an unlikely funding source to support property cleanup related to the Subject Property.

California Department of Toxic Substances Control Targeted Site Investigation (TSI) Program

https://www.dtsc.ca.gov/SiteCleanup/Brownfields/Loans_Grants.cfm

The TSI Program is a grant program in which brownfields sites are selected to receive environmental investigation services through a competitive application process. For the selected sites, DTSC oversees the investigation and develops a report at no cost to the applicant. The goal of the TSI Program is to facilitate the redevelopment planning and reuse of brownfields. Local government agencies, school districts and non-profit organizations are encouraged to apply, though sites must meet the U.S. EPA definition of a "Brownfields" site in order to be eligible. U.S. EPA's definition comes from the 2002 Public Law 107-118 (H.R. 2869) and codified in 42 U.S.C. 9601. Further, the proposed TSI project must be of interest to the applicant for facilitating development, expansion or reuse. The redevelopment must be in the planning stages or in progress. DTSC will not consider projects that have been completed.

Evaluation: Given that the TSI Program is for brownfields and redevelopment in the planning stages or in progress, this program appears to not meet the City Council's objectives with respect to the cleanup of the Subject Property.

Revolving Loan Fund Program (RLF) Program

http://www.dtsc.ca.gov/SiteCleanup/Brownfields/Loans_Grants.cfm

The Revolving Loan Fund (RLF) Program provides loans to help developers, businesses, schools, and local governments cleanup and redevelop brownfields. This is a brownfields cleanup loan program administered through a Cooperative Agreement with the U.S. Environmental Protection Agency (U.S. EPA). There are two phases of the application process: (1) borrower and Site Eligibility information and (2) detailed financial information. The first phase includes completing/submitting a Brownfields Loan Application form, Hazardous Substances Site Eligibility Evaluation and/or the Petroleum Site Evaluation Eligibility Evaluation based on the primary

contaminant at the proposed site, and potential additional information. Available loan range from \$200,000 to \$900,000 per site and subgrants are up to \$200,000 per site. Subgrant funds are limited. Loan interest rates are based on the length on loan, usually between 2 and 4.5 percent, and borrowers are responsible for a 10 percent owner equity participation match.

Evaluation: Given that the RLF Program is designed to help cleanup and redevelop brownfields, this program appears to not meet the City Council's objectives with respect to the cleanup of the Subject Property.

Cleanup Loans and Environmental Assistant to Neighborhoods (CLEAN) Loan Program

http://www.dtsc.ca.gov/SiteCleanup/Brownfields/Loans_Grants.cfm

This is a state-funded loan program that provides low-interest loans of up to \$100,000 to conduct preliminary endangerment assessments and low-interest loans of up to \$2.5 million for the cleanup or removal of hazardous materials where redevelopment is likely to have a beneficial impact on the property values, economic viability and quality of life of a community.

Evaluation: Given that the CLEAN Loan Program seeks to establish financial incentives through low-interest loans, it is an unlikely funding source for the cleanup of the Subject Property.

CalEPA, State Water Resource Control Board

The Orphan Site Cleanup Fund (OSCF)

http://www.waterboards.ca.gov/water_issues/programs/ustcf/oscf.shtml

The Orphan Site Cleanup Fund (OSCF) is a grant program within the Division of Financial Assistance. OSCF provides financial assistance to eligible applicants for the cleanup of sites contaminated by leaking petroleum underground storage tanks (UST) where there is no financially responsible party, and the applicant is not an eligible claimant to the UST Cleanup Fund. The OSCF grants are available for response actions that characterize, assess, and investigate an unauthorized release from a petroleum UST. Assessment grants may also provide funding for UST system removal, free product removal, and soil excavation, not to exceed 500 cubic yards at the eligible site.

Effective September 25, 2014, SB 445 (Hill), made changes to the OSCF. The law changed the eligibility criteria for OSCF so that it is no longer limited to funding brownfield sites; the maximum amount of grant monies available for an eligible occurrence is \$1 million for any grant application filed on or after January 1, 2015.

Evaluation: Given that the OSCF grant program seeks to provide financial assistance for the cleanup of petroleum USTs, it may be a potential funding source for the property cleanup of the Subject Property. However, it should be noted that available funding from this program is very low.

Park Development

California Department of Parks and Recreation *California Youth Soccer and Recreation Development Program*

http://www.parks.ca.gov/?page_id=1008

This is a statewide grant program to fund new soccer, basketball, baseball and softball recreation opportunities in heavily populated, low-income urban areas with a high youth crime and unemployment rate. Ineligible projects include acquisition projects and development projects that do not include a water conservation measure. The 2016 application is closed.

Evaluation: Given that the grant program seeks to creating opportunities for high-quality outdoor recreation, it is a likely funding source for park development. However, this grant is not a near-term solution for activities that need to be completed before park development can begin at the Subject Property.

California Department of Parks and Recreation *Proposition 84: Statewide Park Program*

http://www.parks.ca.gov/?page_id=26025

This was a \$368 million grant program for new parks and recreation facilities in critically underserved communities throughout California. Over 900 applications were submitted for \$3 billion worth of projects. This clearly shows the extent of unmet community needs throughout California. Long Beach received funding for Orizaba Park (\$2.2 million), Drake/Chavez Soccer Fields and Parkway (\$2.5 million), Gumbiner Park (\$2.8 million), and Craftsman Park (\$722,000).

Evaluation: All funds have been allocated. Therefore, it is not a potential funding source for acquisition, abatement, or development of the Subject Property.

California Department of Parks and Recreation *Land and Water Conservation Fund*

http://www.parks.ca.gov/?page_id=21360

In 2016, there were \$8.8 million in funds available, and \$24.7 million in total local agency grant requests submitted for consideration. The State Parks agency has indicated competitive applications that were not recommended for funding in the 2016 cycle will be retained for consideration for federal fiscal year 2017 funding.

Evaluation: Due to the lack of grant capacity, there does not appear to be a 2017 local agency application cycle at this time. Therefore, the Land and Water Conservation Fund is not a potential funding source for acquisition, abatement or development of the Subject Property.

Kaboom

<https://kaboom.org/grants>

This organization offers grants for playground equipment. If, and when, the Subject Property is purchased and abated, Kaboom may be a viable partner for park development.

Other Funding Sources

In addition to the funded sources described above, the City is also monitoring Measure A, Los Angeles County's Safe, Clean Neighborhood Parks & Beaches Measure of 2016. On July 5, 2016, the Los Angeles County Board of Supervisors voted to place Measure A onto the November 2016 ballot. Measure A would replace existing park funding under Proposition A, which was adopted by voters and has funded park development throughout Los Angeles County for the past 20 years. Proposition A is set to expire in 2019. The new measure would add a parcel tax of 1 ½-cent per square foot of developed property. An average homeowner with a 1,500 square foot home would pay approximately \$22.50 a year.

If approved by voters, Measure A would raise \$94 million annually. Priorities for spending the money, should the measure pass, have been set and shall be expended according to the following schedule:

- 35 percent of funds will be allocated directly to cities and unincorporated areas of the County to pay for projects consistent with, or similar to, those identified in the 2016 Park Needs Assessment;
- 13 percent for the acquisition, construction, and rehabilitation of parks and recreation facilities;
- 13 percent for planning, acquisition, development, improvement and restoration of multi-benefit park projects that promote, improve, or protect clean local water supplies, habitat improvements, park space, public access or watershed health;
- 13 percent will be used for environmentally-oriented projects, including beach and waterway clean-up;
- 13 percent will be dedicated to regional facilities, multi-use trail and accessibility projects that connect urban areas to nature;
- 3.8 percent will be dedicated to youth and veteran job training and placement opportunities; and,
- The balance of the revenues will go to administrative costs.

If voters approve Measure A, this revenue stream could be evaluated further as a potential funding source to support the acquisition and cleanup of the vacant property between Baker Street and Wardlow Road Adjacent to the Los Angeles River for public purpose.

If you have any questions, please contact Diana Tang, Manager of Government Affairs, at Diana.Tang@longbeach.gov or 562-570-6506.

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